

PAYMENTS STUDY REPORT 2023

Executive summary



SOUTH AFRICAN RESERVE BANK





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In this first edition of its *Payments Study Report*, the South African Reserve Bank (SARB) provides key insights into consumer behaviour and preferences in relation to the payments instruments available in the Republic of South Africa.

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CONTENTS

1.	Introduction	1
2.	Survey methodologies	2
3.	Profile of study participants	4
4.	Income profiles	6
5.	Insights on payment methods	8
5.1	Cash payments	9
5.2	Debit card payments	11
5.3	Credit card payments	12
5.4	Internet banking and banking app payments	14
5.5	Sending money	16
5.6	Other payment methods	17
5.7	Crypto assets	18
6.	Investments	19
7.	Digital transformation	20
8.	Debt and debt management	21
9.	Conclusion	22
10.	Survey specifications	23
	Annexure A: Payment method definitions	24
	Abbreviations	25

Figures

Figure 1:	Race profile across both surveys	5
Figure 2:	Age profile across both surveys	5
Figure 3:	Overview of the payment methods measured in both surveys	9
Figure 4:	Reasons for not using cash	10
Figure 5:	Planned versus unplanned payments using a credit card	13
Figure 6:	Beneficiaries of payments made using a credit card	13
Figure 7:	Planned versus unplanned payments using sending money payment method	16

Tables

Table 1:	Profile of participants across both the SCPC and DCPC surveys	4
Table 2:	Average income profiles across the surveys	6
Table 3:	Payment volume and value profiles by province (DCPC)	8
Table 4:	Average payment value by weekdays and monthly cycles (DCPC)	8
Table 5:	Summary table of cash payments	9
Table 6:	Summary table of debit card payments	11
Table 7:	Summary table of credit card payments	12
Table 8:	Summary table of internet banking payments	14
Table 9:	Summary table of banking app payments	15
Table 10:	Summary table of sending money	16
Table 11:	Summary table of three payment methods	17
Table 12:	Average amount owed by regional classifications	21



1. INTRODUCTION

The payment system landscape in South Africa is experiencing significant changes. The advent of mobile payments, the discontinuation of cheques, the entry of non-bank payment service providers and the emergence of new forms of retail payments that do not directly draw on bank accounts, such as e-wallets, are some of the recent changes that have been observed.

To monitor these developments effectively, it is important for regulators, policymakers and the public to have access to comprehensive data on the use of payment instruments in the country. In line with the South African Reserve Bank's (SARB) National Payment System Framework and Strategy: Vision 2025 (Vision 2025) and to remain informed about developments in the national payment system (NPS), the SARB commissioned in 2023 the Payments Study (hereinafter referred to as the study).

The study made use of two surveys – the Survey of Consumer Payment Choice (SCPC) and Diary of Consumer Payment Choice (DCPC). The SCPC – deemed a recall approach – is based on consumer choice and focuses on preferences, awareness, usage, reasons for adoption and barriers to entry. The DCPC measured actual payments over a set period of days for three months. Both the SCPC and DCPC surveys are based on similar instruments from other countries and regions, most notably the Federal Reserve Bank of Atlanta,¹ complemented with additional questions and context relevant to the South African market. The surveys' representative samples set out to align to the country's demographic profile of people aged 18 years and older, which equates to a population size of 40.5 million people.²

The study reveals useful insights on how different people make payments using different payment instruments across the country and for what purpose the various payments are made. The SARB plans to administer these surveys periodically as it aims to continue sharing consumer insights that will expand its repository of data relating to the NPS.



1 See Survey and Diary of Consumer Payment Choice, Federal Reserve Bank of Atlanta. <https://www.atlantafed.org/banking-and-payments/consumer-payments/survey-and-diary-of-consumer-payment-choice>

2 See Statistics South Africa, 'Mid-year population estimates 2022', Statistical Release P0302, 28 July 2022. <https://www.statssa.gov.za/publications/P0302/P03022022.pdf>



2. SURVEY METHODOLOGIES

The SCPC was based on a nationally representative sample of at least 3 000 participants, aged 18 years and older and living in metropolitan regions, cities, large and small towns as well as rural and deep rural areas of the country. The respondent selection was based on random selection principles, while the Kish grid³ was used to select the secondary sampling unit (household) and primary sampling unit (respondent). The sample frame was based on Statistics South Africa's (Stats SA) 2022 mid-year population estimates.⁴

The SCPC followed a probability design with a multi-stratification sampling technique.⁵ The sample was designed to disproportionately represent dominant population cohorts such as the densely populated Gauteng and less populated provinces such as the Northern Cape. As the sample design is based on random selection principles, the marginal differences across demographic profiles were proportionally corrected with the application of the random iterative method (RIM) weighting to actual population numbers.

Interviews were conducted face to face in the homes of respondents. A 45-minute questionnaire, divided

into sections with built-in routing instructions to ease the interviewing process, was administered during the interviewing process. The survey was conducted between April and May 2023. A sample of 3 036 was set and 3 068 interviews formed part of the final analysis.

The DCPC is complementary to the SCPC, but distinct in that it is designed as a diary survey instrument to record actual payments over a specified time. Panellists were recruited nationally to participate in the three-month diary survey and record individual payments over several three-day periods. The same disproportional sample design principles applied. A decentralised management system where separate teams managed individual panellists was developed specifically for this survey. The diary database was weighted, applying the RIM weighting principles as in the SCPC. The DCPC was conducted between June and December 2023. A sample of 4 624 was achieved, yielding 210 207 payments with a collective value of R111.2 million.

All samples have a margin of error. The larger the sample, the smaller the margin of error, also referred

³ For a definition of Kish grid, see <https://www.encyclopedia.com/social-sciences/dictionaries-thesauruses-pictures-and-press-releases/kish-grid>

⁴ See Statistics South Africa, 'Mid-year population estimates 2022', Statistical Release P0302, 28 July 2022. <https://www.statssa.gov.za/publications/P0302/P03022022.pdf>

⁵ See Statistics South Africa, 'Community Survey 2007'. [https://www.statssa.gov.za/?page_id=3917#:~:text=An%20enumerations%20area%20\(EA\)%20is,enumeration%20areas%20will%20be%20interviewed](https://www.statssa.gov.za/?page_id=3917#:~:text=An%20enumerations%20area%20(EA)%20is,enumeration%20areas%20will%20be%20interviewed)

to as precision or standard error. The margin of error of a 3 000 sample is 0.89% at a 95% confidence level. The statistical interpretation means that one can be 95% confident that if a score in this report is, for instance, 80%, the score for the population (weighted and generalised) will be between 79% and 81%.

All the figures in this report are based on weighted scores. Scores are rounded at one decimal and where there are no decimals, scores are shown as a rounded number or percentage. The base size for both surveys is 40.5 million people.

The surveys' representative samples align to **SA's demographic profile of people aged 18 years and older, equating to a population size of 40.5 million people.**





3. A NOTE ON THE INTERPRETATION OF THE RESULTS IN THIS REPORT

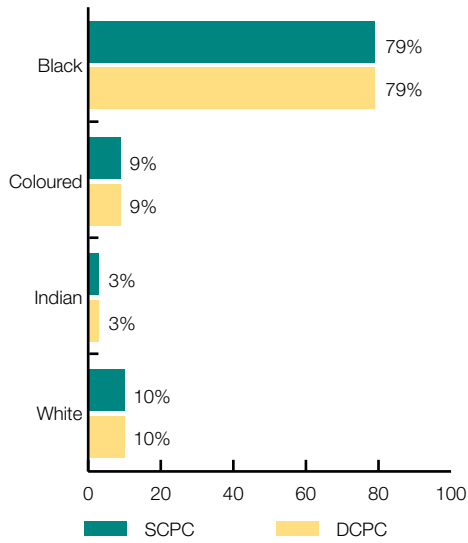
The South African population aged 18 years and older is 40.5 million. Below is an overview across both the SCPC and DCPC surveys at province level to illustrate the performance indicators:

Table 1: Profile of participants across both the SCPC and DCPC surveys

Province	SCPC survey		DCPC survey	
	Percentage	Population	Percentage	Population
Limpopo	7.9%	3 185 758	7.9%	3 192 681
Mpumalanga	7.5%	3 044 009	7.1%	2 871 989
Gauteng	30.0%	12 171 331	30.3%	12 277 901
North West	6.1%	2 458 008	6.6%	2 663 003
Free State	4.8%	1 930 002	4.8%	1 963 286
KwaZulu-Natal	18.3%	7 412 741	18.1%	7 320 614
Northern Cape	2.0%	804 149	2.1%	870 659
Eastern Cape	10.1%	4 094 761	10.2%	4 147 229
Western Cape	13.4%	5 415 950	12.9%	5 223 856

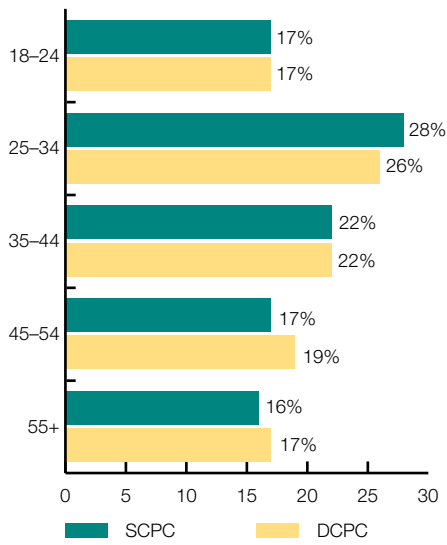
In terms of race, both surveys had similar proportions.

Figure 1: Race profile across both surveys

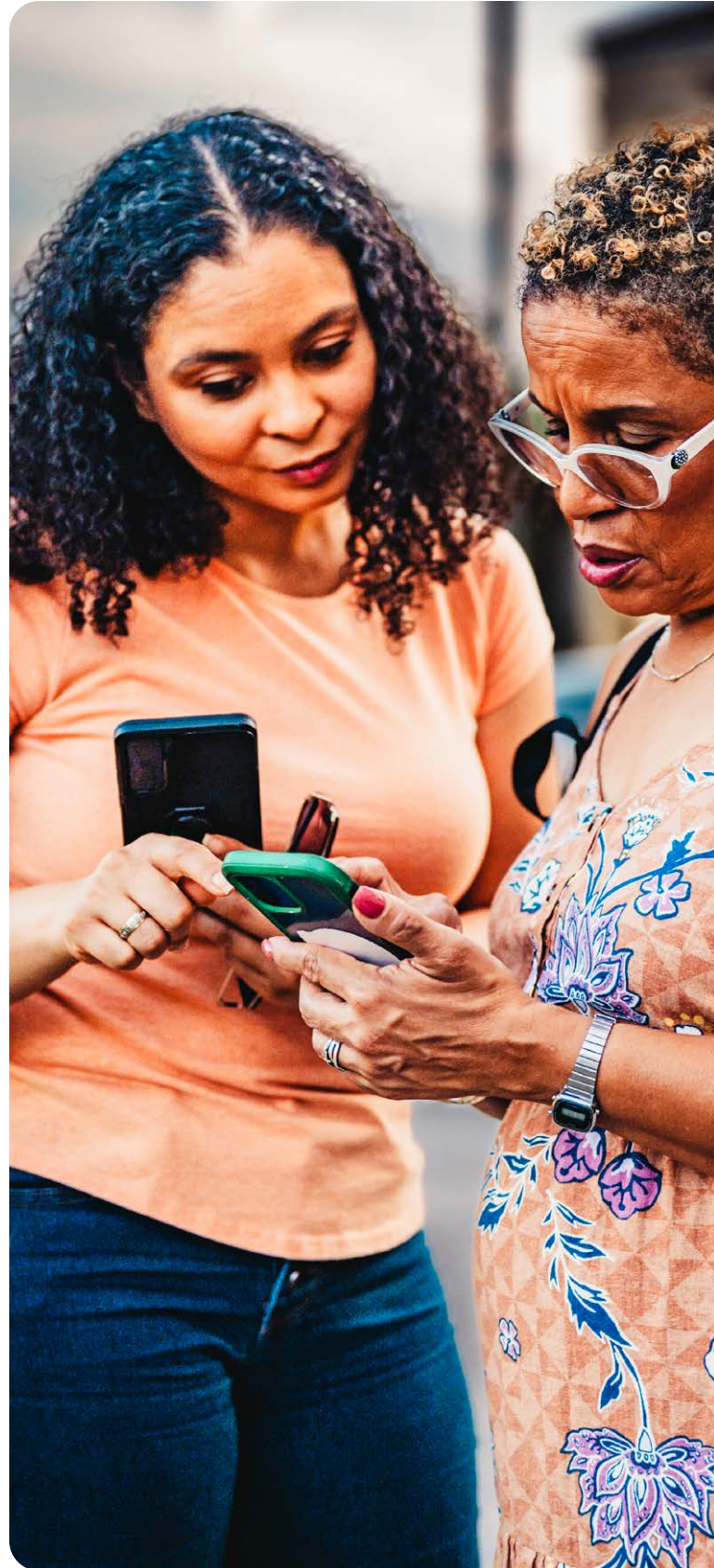


The age profile across both surveys was well-aligned and illustrates the comprehensive coverage of the nationally representative SCPC study and DCPC panel.

Figure 2: Age profile across both surveys



In terms of gender groups, both surveys had similar scores of males (48%) and females (52%).





4. INCOME PROFILES

In both surveys, household and personal income were recorded.

Table 2: Average income profiles across the surveys

SCPC		DCPC	
Household monthly gross income	Personal monthly gross income	Household monthly gross income	Personal monthly gross income
R13 897	R6 203	R20 613	R14 237

The DCPC was clustered into four categories to highlight the nuances in payment methods against income categories. These were based on monthly personal gross income as it was the individual who transacted.

The classifications were as follows:

- Low-income group (R0–R4 999) **36.1%**
- Low-middle-income group (R5 000–R11 999) **21.6%**
- High-middle-income group (R12 000–R24 999) **28.2%**
- High-income group (R25 000+) **14.1%**

In the DCPC, the overall average transaction value was R529.21. The low-income group recorded an average payment value of R299, which is consistent across provinces.

The low-income cluster represents only 33% of payments⁶ and 16% of the total payment value⁷ across all transactions measured.

The average payment value for the low-middle-income group increases from R299 to R413. There is somewhat greater variance between provinces. This group represents 24% of transaction volume and 19% of value. This group is well represented in the Western Cape.

The next level, the high-middle income group represents slightly more (29%) in terms of payment volume and just over a third (34%) of the total payment value. The variance across

⁶ Payments refer to the number of transactions.

⁷ Payment value refers to the value of transactions.

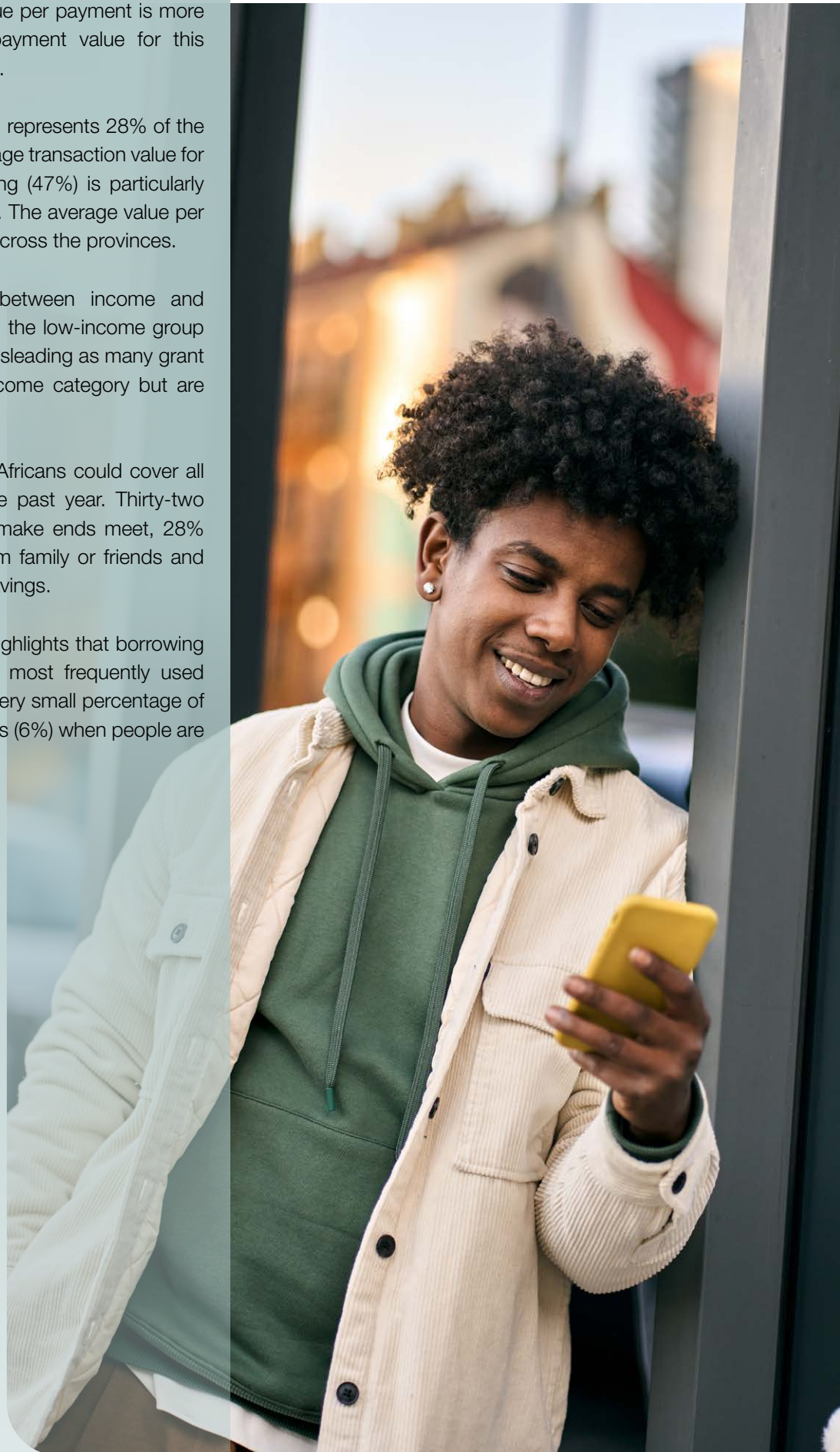
provinces on the average value per payment is more pronounced. The average payment value for this group is R626 per transaction.

Lastly, the high-income group represents 28% of the total payment value. The average transaction value for this group is R1 072. Gauteng (47%) is particularly well represented in this group. The average value per payment varies substantially across the provinces.

A correlation is observed between income and employment status. However, the low-income group and unemployed (13%) are misleading as many grant recipients fall into the low-income category but are not economically active.

In the SCPC, 21% of South Africans could cover all household expenses over the past year. Thirty-two percent spent less to try to make ends meet, 28% borrowed food or money from family or friends and 27% withdrew money from savings.

The income analysis further highlights that borrowing from family or friends is the most frequently used form of accessing money. A very small percentage of money is borrowed from banks (6%) when people are under financial strain.



5. INSIGHTS ON PAYMENT METHODS

South Africans use cash most often as a payment method irrespective of what they buy, as this is a commonly accepted payment method. At a high level and to set the foundation for the three main metrics used in the analysis, three indicators are shown at provincial level. The average value per payment across all payment methods is R529.21.

Table 3: Payment volume and value profiles by province (DCPC)

Provincial profile	Payment volume	Payment value	Average value per payment
Gauteng	30%	24%	R724.96
KwaZulu-Natal	18%	19%	R493.50
Western Cape	13%	15%	R511.02
Eastern Cape	10%	13%	R633.01
Limpopo	8%	9%	R365.67
Free State	5%	8%	R492.75
North West	7%	6%	R439.95
Mpumalanga	7%	3%	R464.62
Northern Cape	2%	2%	R492.80
Total	40 531 218	R111 242 680	R529.21

Monthly payments, as expected and in line with international trends, show a decrease in payments during the middle of the month and most payments being made at the end of the month. The cut-off dates between the beginning, middle and end of the month were based on frequency changes and to provide at least 10 days for each section of the month.

In line with the volume of payments per month, the average value follows a similar pattern. Beginning and mid-month payments are generally of a lower value than month-end payments.

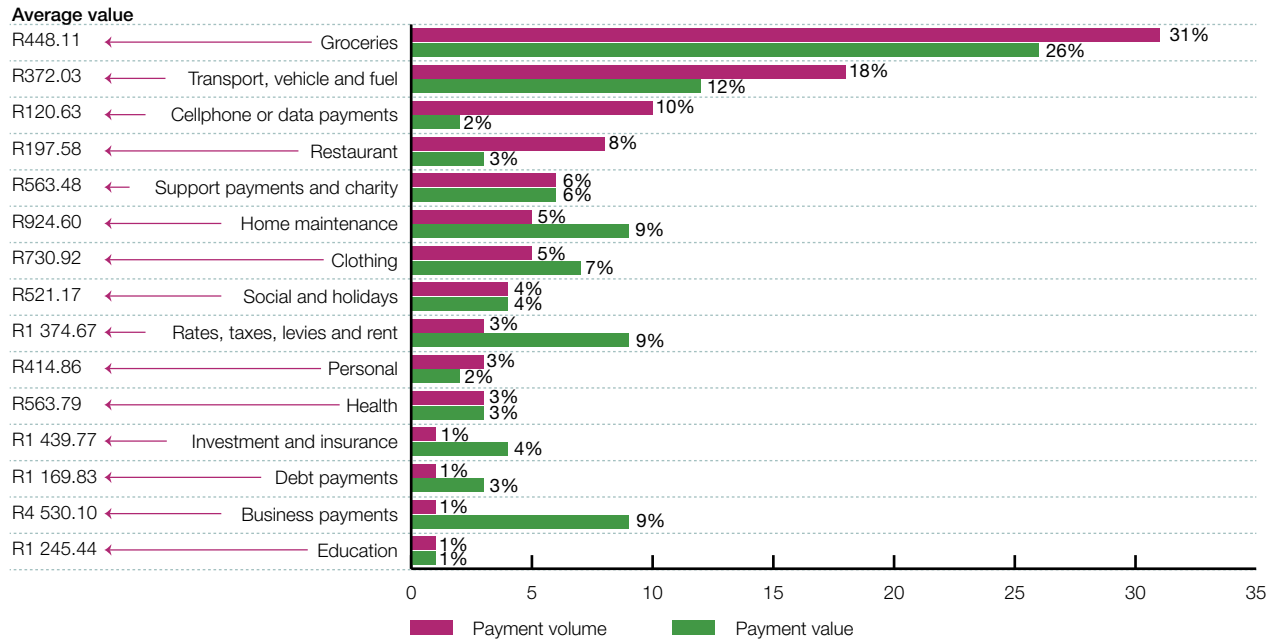
Table 4: Payment value profiles by weekdays (DCPC)

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Overall
Beginning of the month (5th to 14th)	R416	R392	R417	R462	R397	R548	R534	R453
Middle of the month (15th to 24th)	R477	R377	R409	R371	R338	R545	R526	R445
End of the month (25th to 4th)	R609	R568	R657	R650	R586	R652	R804	R651
Overall	R506	R459	R497	R521	R452	R589	R648	R529

Measuring payments across the different payment methods provides insight into the payment method usage, but to deepen the insight of payment methods it is also necessary to include what the payments were for.

In the DCPC survey, 38 payment classifications were measured and netted into 15 overall categories. The average value of payments across the categories varies substantially. Cellphone and data payments are the lowest in average value whereas business payments, most likely for sole proprietors, are the highest.

Figure 3: Overview of the payment methods measured in both surveys



A consistent pattern throughout the analysis of the DCPC, data indicators show that planned expenses are by far the majority of payments. However, 19% of payments (almost one in five) are unexpected. Considering that the average number of payments per month is 15, it means that three of those payments per month are unexpected. There is very little difference between the average value of transactions, whether planned (R527.34) or unplanned (R531.08).

In terms of the beneficiaries of payments made, payments spent on the payer (him- or herself) are generally lower in average value (R354.23). This is expected as it is for a single person and equates to about one in three transactions (32%). Payments with the highest average value (R787.57) are those made to others but are the least frequent (16%). Payments for the payer and others (assumed the family or household) are the most frequent type of payment and more so than the payments for individuals or the payer him- or herself (R669.08).

A short overview of each of the payment methods is included in this report. The summary tables highlight the key indicators for each payment method.

5.1 Cash payments

Table 5: Summary table of cash payments

Key indicators	SCPC	DCPC
Consumer population	35 055 760	39 732 077
Percentage of population (consumers)	85%	98%
Estimated percentage of payments (volume)		56%
Estimated percentage of payments (value)		21%
Total payment value over three months		R22 825 124
Average payment per transaction		R208.44

The first thing to note is the lower average value (R208.44 overall) of cash payments compared to the overall value of payments across all payment methods, which is R529.21 (refer to Table 3). Although almost everyone uses cash as a payment method, it represents only 21% of the total payment value, again reiterating the small average value per payment. Although Tuesdays are lower in payment volume, the average value per payment is not the lowest across the week. Fridays and Saturdays, on the other hand, are higher in volume, value and average payment value compared to the rest of the week for cash payments.

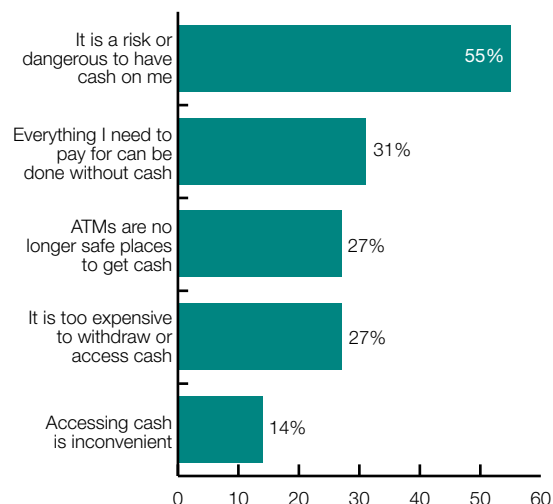
Moving to monthly cycles, as expected at the end of the month (25th to 4th of every month), payment volumes and values increase as monthly bills and other financial commitments are mostly actioned. There is a slight overflow to the beginning of the month (5th to 14th of every month) coupled with a normal increase in payments following receipt of a salary or a grant. The middle of the month (15th to 24th) is the lowest in terms of volume, value and average payment value, particularly related to cash payments.

Economies are stimulated by the workforce of the country. This is true not just for cash payments but for all other payment methods. A total of 57% of payments (in volume) and 67% (in value) are from from employed consumers. The self-employed group often manage business payments as part of their financial responsibilities and show a slightly different pattern compared to the employed cohort across all payment methods.

At 55%, automated teller machines (ATMs) remain the dominant point to access cash. In second place (at 28%) and a more recent addition to accessing cash is the cash-back at point of sale (POS), particularly from major retailers. The ability to access cash at the cash-back at POS has improved accessibility and made life easier for those who do not have ATMs in their area. In support of the ATM location dynamic, lower-income individuals access cash more frequently at the cash-back at POS and the male/female percentages are almost reversed compared to ATM access, the assumption being that females withdraw cash when doing household shopping.

The DCPC further highlights that there are more people in the higher-income groups that do not use cash often. The pattern across income groups is the most stable indicator of the risks and dangers of using cash. These risks and dangers are perceptions as the study did not ask about specific incidents or events that may have led to the practice of using cash less frequently.

Figure 4: Reasons for not using cash



5.2 Debit card payments

Table 6: Summary table of debit card payments

Key indicators	SCPC	DCPC
Consumer population	30 500 682	36 999 728
Percentage of population (consumers)	75%	91%
Estimated percentage of payments (volume)		34%
Estimated percentage of payments (value)		55%
Total payment value over three months		R60 584 212
Average payment per transaction		R768.20

The second-largest payment method in South Africa follows a fairly similar pattern to cash payments, although the average amounts are much higher (R768). The overall pattern across weekdays remains the same for debit cards compared to cash. The average value fluctuates surprisingly little across weekdays and slightly higher on Fridays and Saturdays, in line with general expense trends. On a monthly-cycle basis, recurring payments are included, pushing the month-end payment volume and value share higher.

The most common debit card payment is at retail stores for groceries. Although used often it contributes less to the overall value share of debit card payments. In other words, grocery shopping is frequent but at a lower average value per transaction. The average grocery payment value using cash is R211.88, while debit card payments are more than triple that at R717.54. It may be that larger grocery payments are too impractical to pay in cash as this will require consumers to carry large amounts of cash, which may be considered a risk.

Most (81%) payments are planned and the difference between planned and unplanned average values are minimal at R774 and R744 respectively. Much like cash, the debit card as a payment method offers little support for unplanned transactions in the form of credit.

The employed contribute the most to payment volume and value. At the other end, it is likely that a share of debit card payments is from the unemployed using mainly South African Social Security Agency (SASSA)

cards. There are over 18 million SASSA cards in South Africa,⁸ with the 6.8 million recorded in this survey being used as a payment method. The debit card (including what consumers refer to as either a savings, cheque or debit card) remains dominant (93%) compared to SASSA (6%) and retail debit cards (0.2%). There were changes to the naming of debit cards, particularly the cheque account card but these perceptions remain in the minds of consumers.

At an overall level, interest earned on debit cards is 1.26%. The results in this survey illustrate, as expected, that only 25% of those who opened a debit card account were influenced by the interest rate. It is also noted that many are not aware of the interest rate (33%).

Capitec Bank Limited (Capitec), by a substantial margin, has the most debit card holders in the country (53%). The pattern remains largely the same when all accounts are compared to the main account. The five largest banks,⁹ as expected, feature at the top of the list but with a much lower share of volume. After Capitec, the remaining four banks have a volume share of between 8% and 12%. It should be noted that these numbers only reflect if there is an account with the bank or not and not the value of the accounts. Furthermore, only 6% of card holders have joint debit card accounts and 30% of card holders claim that the debit cards offer them benefits or rewards for using the card.

In terms of unstructured supplementary service data (USSD), 22% of debit card consumers access their

⁸ See South African Social Security Agency, Annual Performance Plan 2022–2023. https://static.pmg.org.za/SASSA_2022-23_Annual_Performance_Plan.pdf

⁹ Standard Bank of South Africa Limited, FirstRand Bank Limited, owner of First National Bank (FNB), Absa Bank Limited, Nedbank Limited and Capitec Bank Limited

account using the USSD facility. This may include purchasing airtime, electricity and other functions as may be available on the USSD platform. Both short message service (SMS) and USSD options are used more frequently than internet banking. Lastly, 12% accessed their account by phoning the bank. These figures are based on multiple access options so the total will be more than 100%.

Only 15% of debit card holders have an overdraft facility with a clear skew towards higher-income earners with higher education qualifications. On average, people who have an overdraft facility access it 2.93 times per year. Many never do (42% of those that have the facility). Generally, the overdraft on a debit card is a temporary facility, and as soon as money is deposited into the account, the overdraft is settled. It is different to a credit facility with monthly payment terms over a specified time frame.

On average, people experience not having sufficient funds in their accounts almost twice a year (1.96 times). Collectively this translates to 45% of debit card holders who experience having insufficient funds at least once a year – a large percentage. The Western Cape seems to have a higher frequency of debit card holders experiencing financial difficulties.

Of those that do not use a debit card (just over 10 million), almost one in three (29%) indicated that they do not have enough money to qualify for a debit card. This may just be a perception, or they might have applied and did not qualify for some reason. Interestingly, 15% claim they do not know enough about this payment method. Several other reasons are given such as no bank facilities in the area (5%), most likely referring to areas outside metro regions, far away from large towns or business centres.



5.3 Credit card payments

Table 7: Summary table of credit card payments

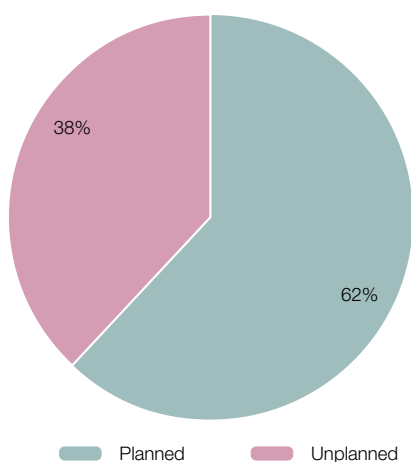
Key indicators	SCPC	DCPC
Consumer population	3 075 878	7 518 623
Percentage of population (consumers)	8%	19%
Estimated percentage of payments (volume)		1.9%
Estimated percentage of payments (value)		4.3%
Total payment value over three-months		R4 764 236
Average payment per transaction		R1 141.41

In the SCPC, the percentage of people with a credit card was measured at 8% of South Africans. In the DCPC survey the percentage is much higher at 19%. There are two reasons for this, namely that (i) the DCPC sample was skewed towards the more affluent to obtain higher volumes on less-often used payment methods; and (ii) the credit card may be used by others, not just the person in whose name it is registered, the latter being the more likely reason for the higher usage as the results show.

The average values and for what payments were made illustrate the value of having credit to pay for things that are difficult to cover in a normal month. Credit card ownership, as seen in the SCPC, is largely ring-fenced to the more affluent. This is confirmed with particular reference to the high-income group, most being in Gauteng.

Interesting to note is that the average value per payment is much more stable across the demographic indicators, with the average value being R1 141.41, a high average compared to debit cards and cash. The fact that credit cards have a credit facility aligns well with the need to cover unexpected payments. It may not contribute that much to value but definitely in frequency. Considering that the overall pattern was 81% planned versus 19% unplanned, the below graph illustrates the substantial change in pattern for credit card payments.

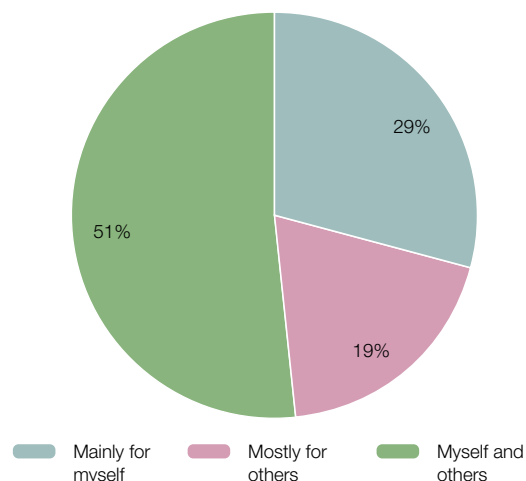
Figure 5: Planned versus unplanned payments using a credit card



The higher average payment value for 'mostly for others' is indicative of the cross-functional use of a credit card. Credit cards are not just used for own

expenses but also to help others when in need, almost like a loan facility among friends and family. The 'mainly for myself' category changed from 32% (overall) to 29% for credit cards only, as seen below.

Figure 6: Beneficiaries of payments made using a credit card*



* Please note that the percentages do not add up to 100% due to rounding off.

The main motivation to apply for a credit card is to have access to a credit facility at any time (37%). The rewards, cash-back and loyalty points motivators are in second place (25%), with 11% citing the importance of a credit card for online and retail payments.

Close to 8 out of 10 (77%) credit card holders have the card in their own name, meaning that the balance are joint account holders. It is therefore not surprising that the transaction data recorded in the DCPC showed a much higher population base and higher transaction value.

The credit facility is accessed 5.63 times per year. Since the main reason cited for getting a credit card was to have access to credit at any time, the higher frequency of access to credit is sound. Only 12% of credit card holders did not access the facility in the past year, while 31% increased their credit limit in that period. Consumers in the Western Cape (40%) seem to be under greater financial pressure and therefore the higher increased credit limit in the province makes sense. It was also the province with the highest percentage of those with insufficient funds on their debit card accounts.

The higher-income earners (37%) increased their credit limit substantially more than the low-income earners (11%). Farmers or those living on farms (41%) also increased their credit limit more than other regions. The report's debt section provides further evidence of the higher percentage for farmers increasing their credit limit.

Despite the credit facility of a credit card, on average, credit card holders have insufficient funds 3.4 times a year compared to the 1.96 times per year, on

average, for debit card consumers. The 58% of credit card holders who have experienced insufficient funds are also higher than that of debit card holders. As with debit cards, not having enough money to qualify for a credit card (24%) is the greatest barrier, followed by fees and service charges (17%). This may also include interest rates charged which are usually higher than for other forms of credit. Fifteen percent stated that they did not meet the minimum criteria to get a credit card while 7% said no bank will give them a credit card.



5.4 Internet banking and banking app payments

Table 8: Summary table of internet banking payments

Key indicators	SCPC	DCPC
Consumer population	11 114 021	10 208 088
Percentage of population (consumers)	28%	25%
Average times per month it is accessed	5.76 times	
Estimated percentage of payments (volume)		1.6%
Estimated percentage of payments (value)		6.7%
Total payment value over three months		R7 444 034
Average payment per transaction		R2 132.96

Table 9: Summary table of banking app payments

Key indicators	SCPC	DCPC
Consumer population	20 379 949	22 097 955
Percentage of population (consumers)	50%	55%
Average times per month it is accessed	6.12 times	
Estimated percentage of payments (volume)		5%
Estimated percentage of payments (value)		12%
Total payment value over three months		R12 867 444
Average payment per transaction		R1 136.80

Internet banking platforms have been available for longer than banking apps. In the SCPC, 27% of consumers in South Africa reported that they use their internet banking platform as a payment method, while the DCPC recorded 25%. This compared to the 50.3% of the population making use of banking apps in the SCPC and 55% in the DCPC. Although more consumers use banking apps, these account for only 5% of overall payment volume and 11.5% or R12.9 million of payment value. It should be noted that only certain payments are possible using internet banking or a banking app as payment methods. Most POS payments are not possible with these payment methods.

Two out of 10 (21%) consumers created their internet banking profile between 2019 and 2020 and almost 40% have been using internet banking for the past four years. In contrast, although banking apps are a more recent addition to managing money, 61% of banking app consumers have been using it for the past four years. The main shift towards banking apps started between 2016 and 2018 when 23% of consumers created a banking app profile, compared

to the 16% who created a profile before that. The global COVID-19 pandemic possibly influenced the adoption of both internet banking and banking apps as payment platforms. Banking apps are accessed slightly more frequently (6.12 times per month) than internet banking profiles. Accessing the internet banking profile or banking app may not always include making a payment. It could be for checking balances, transferring funds from one account to another or looking for additional financial products or services. The real value of the banking app becomes evident in what the payment was for (i.e. cellphone or data purchases and family support payments). The former has the highest volume but lowest average payment value (R136.41). The use of the banking app for cellphone or data payments seems like an underutilisation of a sophisticated payment method.

The order of the banks with which consumers have a banking app remains the same as the internet banking profile usage, with 59% of consumers having a banking app profile with Capitec, surpassing its internet banking usage of 54%.



5.5 Sending money

Table 10: Summary table of sending money

Key indicators	SCPC	DCPC
Consumer population	24 259 280	6 427 659
Percentage of population (consumers)	59.9%	16%
Average times per month it is accessed	3.47 times	
Estimated percentage of payments (volume)		0.5%
Estimated percentage of payments (value)		1.0%
Total payment value over three months		R1 129 004
Average payment per transaction		R1 017.12

In the SCPC, about 60% of the population reported that they send money to others living in and outside South Africa. It is possible that some consumers may have interpreted the sending of money as a transaction, meaning they paid someone using another payment method and included this under 'sending money'. This is a learning for subsequent surveys to refine the questions around this payment method and what it includes and excludes. The DCPC survey recorded far less usage of this payment method and is more realistic, especially based on volume and value contributions.

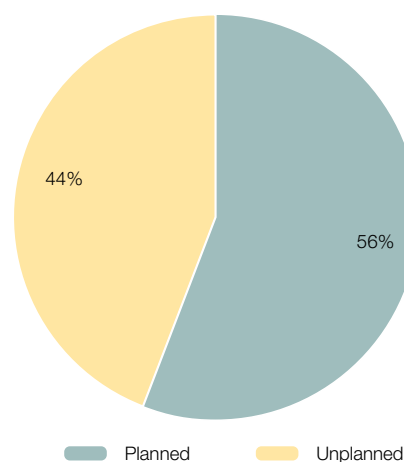
Remittances, the most common association with sending money, is but one part of the 'sending money' payment method, as not all sending money transactions are remittances. The remittance market is also mostly associated with foreigners living and working in South Africa who send money to their families back home. The remittance market is further complicated by for instance Hawalas¹⁰ and other informal service providers. This survey focused on the formal and organised market.

Most agree that the services are convenient, easy to set up, widely accepted and secure. Hidden costs or costs associated with using the platforms available have been highlighted as barriers. Usage in Gauteng dominates the provincial profile. Minimal differences are seen between male and female consumers.

As expected, those who earn money through employment send money more frequently. This is not

an exclusive pattern but clearly noted in the frequency and average value of the payments. Sending money payments are by nature to support others; it is therefore expected that a higher frequency will be unplanned or unexpected payments. Apart from the frequency difference, the unplanned payment average value (R1 323) is substantially higher than planned payments (R849).

Figure 7: Planned versus unplanned payments using the sending money payment method



The overall satisfaction rating using the sending money payment method is high at 90%, with ease of use (24%), convenience (15%) and quick (14%) as the three dominant reasons why consumers choose this payment method.

¹⁰ See <https://www.investopedia.com/terms/h/hawala.asp> for an explanation about Hawala.



5.6 Other payment methods

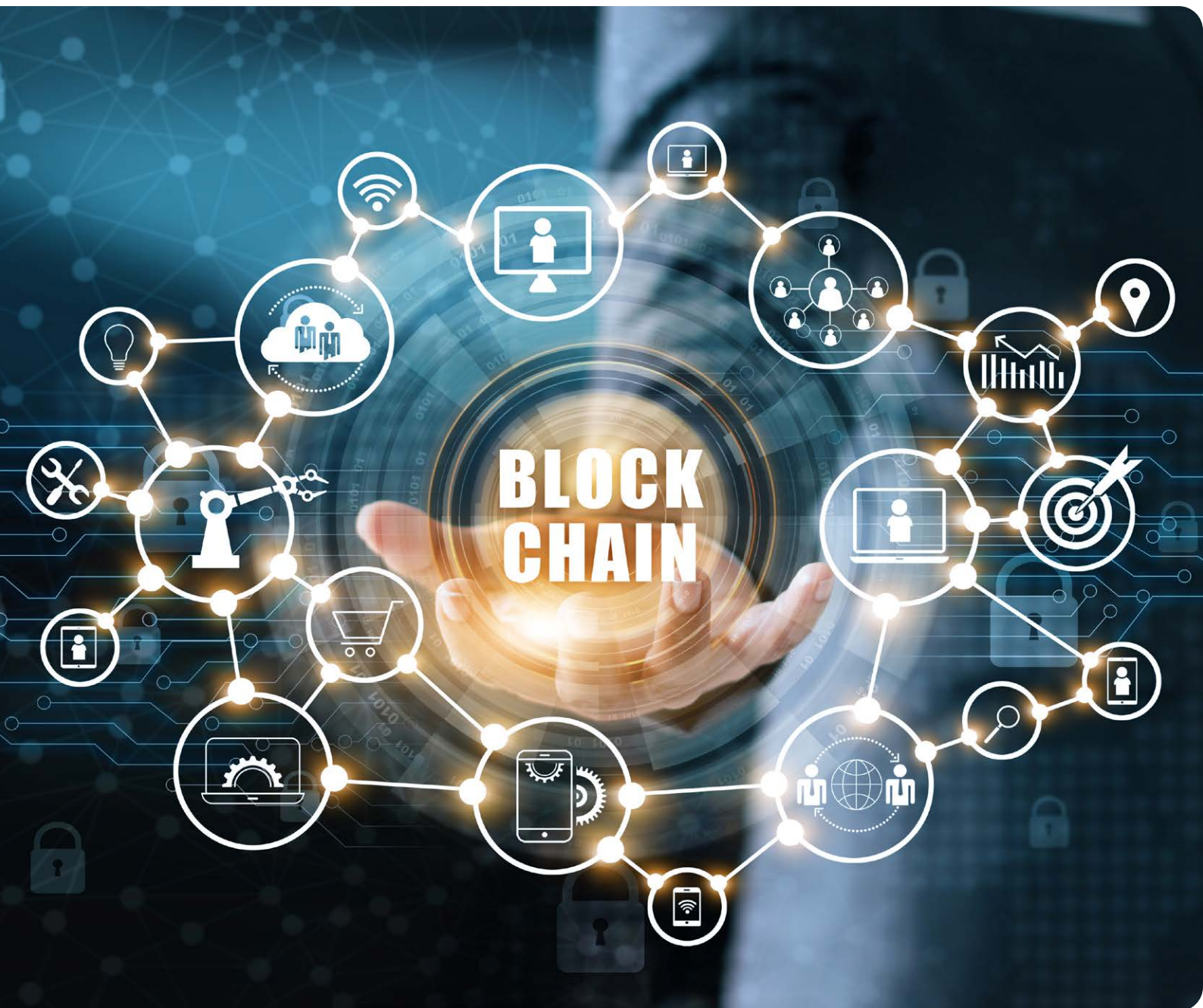
In this section, three payment methods are combined. These are digital payments, loyalty cards and cardless payment methods. The headline summary for each is illustrated separately but the consumer profiles are combined as the number of people using these payment methods is small.

Table 11: Summary table of three payment methods

DCPC key indicators	Digital payment method	Loyalty card payment methods	Cardless payment methods
Consumer population	2 329 391	1 253 792	3 210 687
Percentage of population (consumers)	0.2%	3%	8%
Average times per month it is accessed	4.80 times	5.29 times	4.18 times
Estimated percentage of payments (volume)	0.2%	0.1%	0.6%
Estimated percentage of payments (value)	0.2%	0.3%	0.6%
Total payment value over three months	R660 990	R287 315	R680 321
Average payment per transaction	R1 105.34	R1 288.41	R736.28

For digital payment methods, the DCPC focused exclusively on methods such as Nedbank MobiMoney, EasyPay, QR code apps, SnapScan, PayFast, Masterpass, Apple Pay, Samsung Pay and others. Loyalty card payments, such as FNB's eBucks, represent only 0.1% of the 210 207 recorded payment transactions. The three payment methods combined have a volume share of 0.9% and value share of 1.1%. These are complex payment methods with a very small consumer base.

From a volume perspective, the youth, more educated and more affluent groups tend to dominate usage across the three payment methods. Although this is not an exclusive tendency, the pattern is pronounced. With the overall value of R933.31, the average across most demographic clusters remains stable. Interesting to note is the use of these payment methods for as many unplanned as planned payments.



5.7 Crypto assets

As the final payment method measured, crypto-asset investors are 2.30% of the population. Only 7% (2 918 501) of the South African population know about crypto assets.

Bitcoin (BTC) and Bitcoin Cash (BCH) are observed to be the top-two crypto assets, with BTC by far being the best known. Of the 2% who do invest in crypto assets, 57% invested in BTC. This was a multiple response set so BTC investors may also

have investments in other crypto assets. The crypto hype subsided somewhat in recent years following tremendous growth in the main crypto asset, namely BTC.

Most consider the purchase of a crypto asset as an investment. However, a range of reasons are given including those who are anti-establishment and do not trust the banks, favour the fact that there are no laws governing crypto assets or do not trust the government. Few (21% of 2% of the population) mentioned that they use it to buy goods and services.

6. INVESTMENTS

At the opposite end of the payment profiles discussed up to this point, it is also important to analyse behaviour in relation to investments. The interesting dynamic in the South African market is the large number of cash investments in informal saving mechanisms such as stokvels and burial societies. The stokvel investment vehicle was considered a collective and no distinction was made between grocery stokvels, investment stokvels, holiday stokvels, birthday stokvels and the like. Further, burial societies may include funeral cover policies from the formal market. In future studies, it will be important to record these separately.

Less than half (46%) of the population invested money in the past year, with 14% making a separate or ad hoc contribution to their investment options. Many of these are burial society or stokvel payments that are usually paid in cash. In line with expectations, the older South Africans invested more than the youth.

The top-three investment vehicles in South Africa, based on awareness, are burial societies (65%), stokvels (54%) and savings options at the banks, such as a 32-day notice saving option or where

the savings amount is linked to interest rates (51%) earned. New entrants to the investment market such as fintech¹¹ (5%) and meditech¹² (4%) investment vehicles received relatively low awareness scores.

Based on actual investments, the same three investment vehicles dominate the market, with a collective share of 73%, split between burial societies (35%), stokvels (20%) and savings options with a bank (18%).

Four payment methods are used most often to invest money. These are cash (54%), debit cards (54%), banking app (21%) and internet banking (11%).

Apart from the top-three saving mechanisms mentioned, a host of other investment options (14 in total) were measured. There is a given prerequisite that these investment options usually require the services of a broker or investment adviser who understands how it works and what the right balance between investment options should be to ensure diversification in volatile market conditions.



¹¹ A clipped compound of 'financial technology' that refers to technology competing with traditional financial methods.

¹² A clipped compound of 'medical technology' that refers to medical technology solutions with investment options.



7. DIGITAL TRANSFORMATION

Only a third (33%) of the population indicated they have no difficulty adopting electronic or digital financial methods. The balance share a range of reasons including lack of knowledge (19%), lack of funds (17%), lack of control (9%), or other external factors.

These reasons, together with other statements in the SCPC survey instrument, were used to classify the market into three distinct categories:

- **Digital adopters** – those that have adopted digital platforms or technology and feel confident using these platforms or methods. **(33%)**
- **Digital rejectors** – those that have no interest in or outright reject technology or digital platforms to transact or manage finances. **(36%)**
- **The excluded** – those that have no interaction with technology platforms or digital payment methods due to structural or financial barriers. **(31%)**

The latter group is excluded from digital payment options due to barriers to entry such as no place to use it, merchants do not accept these payment methods, lack of funds, lack of stable data or internet access, costs of using the services are too high, or do not have the right equipment (smartphone, laptop, tablet).

Digital rejectors included those with sentiments such as lack of knowledge (or not willing to find out), security concerns, feeling less in control, not interested in technology, or scared of these methods. The level of education and income are the two most important aspects that influence the three clusters.

8. DEBT AND DEBT MANAGEMENT

Most people borrow money from friends or family (28%). This is followed by other informal borrowing agents such as loan sharks or mashonisa agencies (10%), stokvel groups (10%), colleagues (9%) or the retail store (borrowing or buying on credit) (9%).

Formal avenues such as banks (6%) are only considered after these options are utilised. Therefore, a large percentage of borrowed money is not recorded in the formal sector. According to the SCPC, more than half the population (52%) owe someone money; about half of this group (28%) did not know or refused to disclose the amount.

Thirty-eight percent considered that the current amount owed is about the same as last year, while 40% stated it is less or much less. This is most likely the aftermath of recovering strategies from the COVID-19 pandemic.

On average, the amount owed per person is relatively low at R5 435. White consumers owed the most at R33 381. As mentioned in section 5.3, the farming community has a higher average debt value than the other area classifications.

Table 12: Average amount owed by regional classifications

Area classification	Average amount owed
Metro	R4 774
Non-metro urban	R5 021
Non-metro rural	R1 258
Non-metro farms	R15 136

Only 3% of the country are under debt management. The average interest rate charged on borrowed money is 9.1%. The interest rate for white consumers, those who owe more to banks than other race groups, is slightly higher at 11.1%.





9. CONCLUSION

As the first study of its kind in South Africa, the payments landscape measured through individuals' payment data has an undercurrent of cash payments being highly complemented with debit card payments. Banking apps are gaining traction and likely to continue growing as a payment method. Other payment methods such as digital payments (e.g. virtual cards) are offered by a range of service providers but remain niche and exclusive. The correlation between affluence and level of education against the different payment method applications is clear.

The interplay between cash payments and debit cards may be for practical reasons (i.e. to not carry a large amount of cash). The debit card is likely to continue to gain share over cash as a result of factors such as rising food prices, which lead to higher payment values per purchase.

The adoption of other payment methods over cash can also benefit from targeted consumer financial education or literacy efforts on payment method and products, ensuring that consumers understand how the payment methods work, the benefits they offer and the risks they pose.

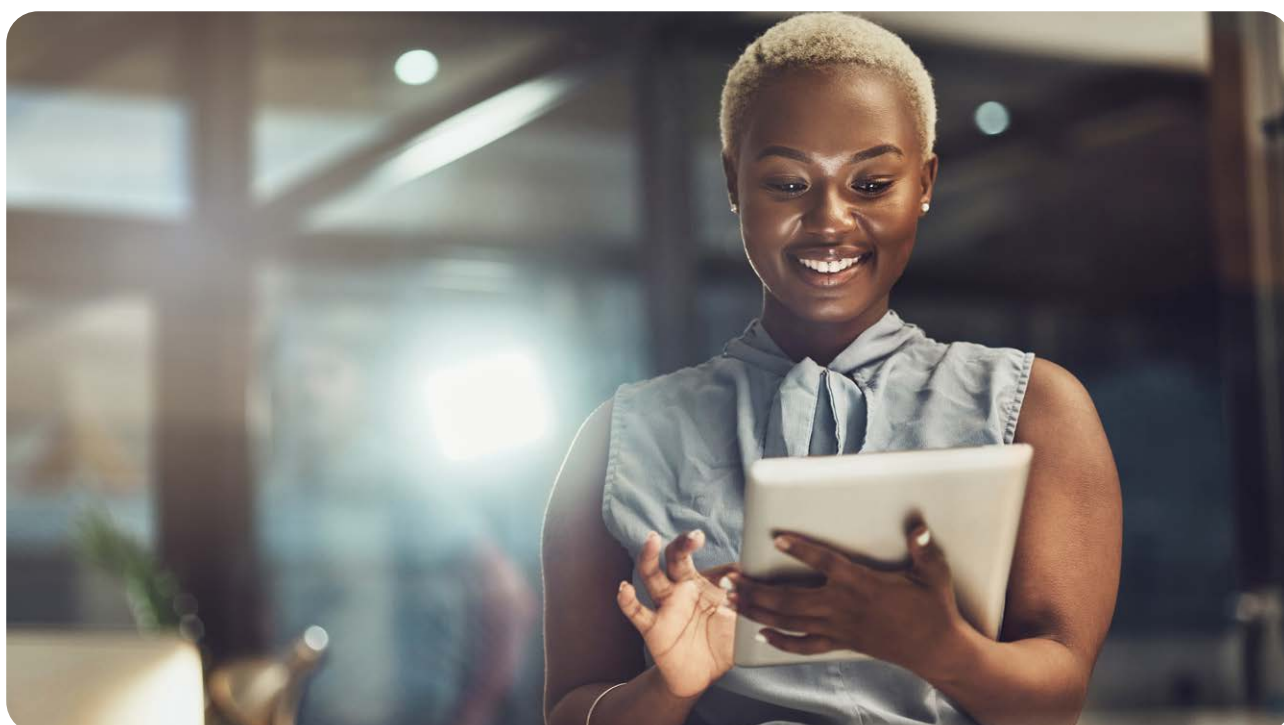
The deployment of this study has enabled key insights into consumers' use of payments, how different people use payments across the country and for what purpose the various payments are made.

The SARB will continue to share useful insights from these studies with which it aims to expand its repository of data relating to the payment system and to enable financial service providers to make the necessary interventions to drive adoption of digital payment services.

10. SURVEY SPECIFICATIONS

The following survey specifications are relevant to comply with standard research reporting protocols when shared publicly.

Study classification	Description
Research conducted by	MarkData (Pty) Limited
Confidentiality	All respondent information is kept confidential in line with the Promotion of Access to Information Act 2 of 2000 (POPIA) and ESOMAR Code of Conduct practices
Study dates	The surveys were administered between April and December 2023
Sample size	SCPC n = 3 068; DCPC n = 4 624
Sample selection	SCPC – multi-staged stratified random design based on Stats SA's 2022 mid-year population estimates DCPC – community-based panel recruitment off the SCPC national representative sample framework
Margin of error	SCPC – 0.89% at 95% confidence level DCPC – 0.41% at 95% confidence level
Data collection methodology	Telephonic and face-to-face interviews on computer-assisted personal interview (CAPI) devices
Weighting of data	Weighted, using RIM weight methodology. Weight efficiency was 87% and 82% respectively
Reporting	Percentages are rounded



ANNEXURE A: PAYMENT METHOD DEFINITIONS

The following payment methods were measured in this study. A short definition for each is provided.

Payment method name	Payment method description
Cash payments	All transactions where cash was used as the payment method, irrespective of the amount.
Debit card payments	Any debit, cheque, current, transaction or saving account bank card via swiping, tapping, or dipping with or without a pin code, including SASSA accounts, debit orders and retail store cards (not retail credit cards).
Credit card payments	Any credit card facility operated by Visa, Mastercard, or others. This includes retail credit cards (not retail store cards) via swiping or tapping with or without a pin code.
Internet banking payments	All internet banking transactions to pay for or send money, including EFTs or immediate payments.
Banking app payments	All banking app transactions to pay for or send money, including EFTs or immediate payments.
Digital payment methods	Any digital or smart payment methods such as scanning QR codes (e.g. Zapper, SnapScan, Masterpass, Ozow, etc.)
Sending money	Any transaction where money was sent to others in South Africa or abroad with eWallet, MoneyGram, Mukuru, Masterpass, Crypto, Shoprite Money Market and so on.
Loyalty card payments	Any loyalty card that has the capability to pay for goods or services such as eBucks, store cards and so on.
Cardless payments	Any cardless payments (also known as virtual card), using a mobile phone or smartwatch such as Samsung Pay and Apple Pay. It includes all USSD payments, mobile money and so on.

ABBREVIATIONS

ATM	automated teller machine
BCH	Bitcoin Cash
BTC	Bitcoin
CAPI	computer-assisted personal interview
DCPC	Diary of Consumer Payment Choice
EFT	electronic funds transfer
fintech	A clipped compound of 'financial technology' that refers to technology competing with traditional financial methods
FNB	First National Bank
meditech	A clipped compound of 'medical technology' that refers to medical technology solutions with investment options
NPS	national payment system
NSFAS	National Student Financial Aid Scheme
POPIA	Promotion of Access to Information Act 2 of 2000
POS	point of sale (with or without cash-back functionality)
RIM (weighting)	random iterative method
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
SCPC	Survey of Consumer Payment Choice
SMS	short message service
Stats SA	Statistics South Africa
The study	South African Reserve Bank – Payments Study
USSD	unstructured supplementary service data
Vision 2025	National Payment System Framework and Strategy: Vision 2025





